

Wise Words



WE INSURE STATE EQUITY

State of Alabama • Department of Finance • Division of Risk Management

June 2008

PLEASE CIRCULATE

WELCOME NEW EMPLOYEE

Carol Singletary began serving as Program Manager for the State Employee Injury Compensation Trust Fund on March 3, 2008. In her role, she additionally has supervising responsibility for the EAP program for State employees.

Carol came to Risk Management from Behavioral Health Systems, a national psychiatric and substance abuse managed behavioral health organization, where she served as Vice President and Chief Marketing Officer. Her tenure at BHS also included valuable care management and EAP experience, and she has additionally served in public relations and as a counselor and instructor in the Alabama College System.

Carol completed undergraduate studies at Auburn University Montgomery and holds a Master's degree in Counseling and Psychology from Troy University. She maintains certification as a Licensed Professional Counselor (LPC), and is the mother of four daughters and three granddaughters.

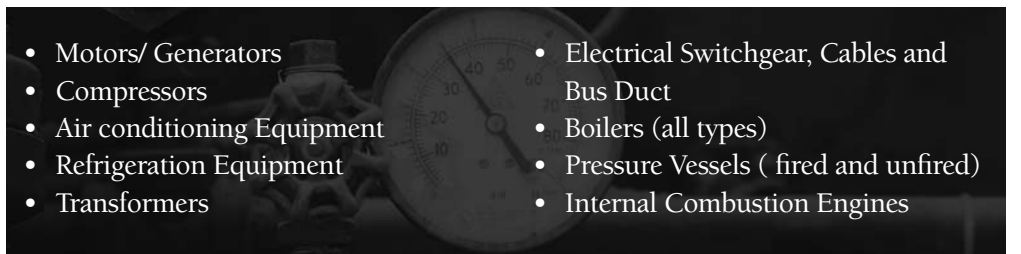
EQUIPMENT BREAKDOWN COVERAGE

Many are not aware of the comprehensive coverage that Boiler & Machinery insurance provides. Boiler and Machinery insurance covers far more than steam boilers, hot water boilers, hot water heaters and pressure vessels. Surprisingly some of the largest covered losses did not involve boilers, but electrical equipment and spoilage. Although it is called boiler and machinery insurance, it can actually cover almost any device that uses, transmits or generates mechanical or electrical power. Therefore, the name for Boiler and Machinery coverage will change to Equipment Breakdown coverage on your October 1, 2008 property schedule.

Subject to applicable deductibles, Equipment Breakdown insurance can pay for:

- Direct Property Loss – the cost to repair or replace damaged equipment;
- Lost business income and costs for temporary replacement equipment;
- Other expenses incurred to limit the loss or speed restoration of operations;
- The loss value of spoiled products or materials;
- Business recovery expense.

Equipment Breakdown coverage is provided through The Division of Risk Management in association with the Travelers Insurance Company. Travelers provides engineering and claims service. Coverage includes sudden and accidental breakdown including but not limited to:

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- Motors/ Generators
 - Compressors
 - Air conditioning Equipment
 - Refrigeration Equipment
 - Transformers
 - Electrical Switchgear, Cables and Bus Duct
 - Boilers (all types)
 - Pressure Vessels (fired and unfired)
 - Internal Combustion Engines

A number of you still operate boilers and pressure vessels which are required to be inspected by the State of Alabama Boiler and Pressure Vessel Act. Since Travelers is currently our insurance provider for Boiler and Machinery inspections, they will provide the inspections required by the Act.

Why should you have Equipment Breakdown Coverage? The better question is, can you afford to be without it?

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TIME TO CERTIFY PROPERTY INSURANCE

The State Insurance Fund certifications were mailed April 1, 2008. It is important that our certified copy be returned by June 30, 2008, to allow our office plenty of time to update values prior to October's renewal. Please follow the instructions enclosed with the certification. Changes which occur during the fiscal year such as renovations to existing buildings, new buildings, purchase of new computers or other equipment, demolition or sale of buildings should be reported promptly to our office to ensure adequate coverage. If you have any questions, please call Dale Whittle at (334) 223-6139.

REPORTING NEW CONSTRUCTION

This is a reminder that newly constructed buildings should be reported to Risk Management as soon as you take possession of the building. This also applies where an addition has been added to an existing building. Keeping your Property Schedule updated protects you in the event a claim needs to be filed and prevents our Claims representatives from having to deny a claim for an unreported building. Remember to complete a Self Inspection and Property Insurance Request form, available under the 'Forms' link at our website, www.riskmgt.alabama.gov.



Once completed you may mail or fax the form to Dale Whittle at Risk Management. If you fax the form, please remember to mail or e-mail a photo for our files.

If you have any questions, please contact Dale Whittle at (334) 223-6139.

HURRICANE PLANNING GUIDE

A study of recent hurricanes shows conclusively that hurricane-related damage can be prevented or, at least, minimized. The keys to success are planning and organized action before, during and after a storm. Hurricane season runs June 1 through November 30. If you don't have a plan, start planning right away. The checklist below offers suggestions that you can incorporate into your plan to minimize hurricane related damage.

PRE-HURRICANE PLANNING

Develop a hurricane emergency action plan, and educate appropriate personnel in its aims and procedures. The action plan should include, but not be limited to the following:

- ☐ Staff and train an Emergency Response Team (ERT) whose members would be available prior to a storm to implement the Action Plan and to respond after the storm for clean-up and salvage operations.
 - ☐ Have on hand the telephone numbers and contacts for local offices of emergency preparedness (Civil Defense). Contact local authorities to plan and coordinate activities before the need for emergency action.
 - ☐ Arrange back-up communications such as two-way radios or cellular phones, and have spare batteries and a diesel-driven emergency generator on site.

Determine if any records are vital, and make plans to protect/relocate them.

 - ☐ Identify the need for and arrange for back-up data processing operations at either a hot or cold site. Also consider a location where operations can be relocated if normal business can not be resumed at the current site.
 - ☐ Maintain ongoing agreements with contractors for supplies and repairs that may be needed after the storm. If possible, use contractors who are outside potential hurricane areas.
 - ☐ Order emergency supplies and maintain them throughout the hurricane season.
 - ☐ Inspect roof coverings and flashing in early spring and repair as needed.
- ☐ Have straps or other means on hand to brace/anchor signs and roof mounted equipment.
 - ☐ Obtain and have on hand a supply of prefitted shutters and/or plywood for windows and doorways, where practical.
 - ☐ Prepare for hurricane related flooding with sandbags and an ample supply of brooms, squeegees and absorbents to help remove water. Remember hurricanes can cause floods far beyond the reach of hurricane force winds and in areas not normally flood prone.
 - ☐ Identify key equipment and building contents that will need to be protected with tarpaulins or waterproof covers.
 - ☐ Identify and consider the removal of large trees that could fall and damage buildings or power and communication lines.
 - ☐ Have plans in place for site security after a hurricane.

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IMPENDING HURRICANE

For most hurricanes, the National Weather Service can give a two to three day alert to those in areas likely to be in the path of a hurricane. A hurricane watch is issued when winds of 74 mph or greater pose a possible threat within 36 hours. A hurricane warning means that hurricane conditions are expected in 24 hours. Use the advance warning to begin taking action consistent with your emergency plan.

- ☐ Keep up to date with the hurricane's path, intensity and expected area of landfall.
 - ☐ Initiate implementation of your emergency action plan. Begin taking steps to shutdown operations if necessary.
 - ☐ Inspect and make emergency repairs to drains, gutters and flashings. Gutters and drains should be free of debris so that they will function properly and eliminate potential sources for ponding and roof collapse.
 - ☐ Check/maintain all necessary back-up equipment such as emergency generators and communication devices.
 - ☐ Install hurricane shutters/plywood over windows and doors. Tape windows that are not boarded up.
 - ☐ Protect or relocate vital records.
- ☐ Anchor or relocate anything in the yard that could potentially blow into and damage the facility. This could include yard debris, equipment and signs.
 - ☐ Ensure that the ERT members who have volunteered to help are available and willing to help prior to and after the storm.
 - ☐ Fill the tanks of all generators, fire pumps and vehicles.
 - ☐ Cover computers, contents and stock with tarpaulins or waterproof covers.
 - ☐ Relocate any goods subject to water damage off the floor or relocate them to another facility.
 - ☐ Turn off gas to minimize the potential for a fire.

Continued

HURRICANE PLANNING GUIDE *Continued*

- ☐ Shutdown all non-critical and non-essential electrical equipment.
- ☐ _____

- ☐ _____

- ☐ Repair damage to sprinkler systems and get protection back in service as soon as possible after the storm.
- ☐ Call in key personnel and notify contractors to start repairs. Make sure safety precautions are fully implemented before work is allowed to begin. This includes proper cutting and welding procedures. Make contractors share responsibility for establishing fire-safe conditions before and during the entire job.
- ☐ Begin salvage as soon as possible to prevent further damage. Cover broken windows and torn roof coverings immediately.

AFTER THE HURRICANE

- ☐ Secure the site.
- ☐ Survey for damage.
- ☐ Survey for hazards such as live wires, leaking gas or flammable liquids, poisonous gases, and damage to foundations or underground piping.
- ☐ Visually check any open bus bars, conductors and exposed insulators before re-energizing main electrical distribution systems.

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